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**Top Secret** (18)



DIRECTORATE OF  
INTELLIGENCE

## MEMORANDUM

### *The Situation in Vietnam*

NSA review completed

State Dept. review completed

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Information as of 1600  
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HIGHLIGHTS

Premier Ky has brought up the subject of his possible presidential candidacy in a conversation with a US official. Ky also raised some potentially disruptive intramilitary issues which he indicated would have to be settled prior to his running for the presidency.

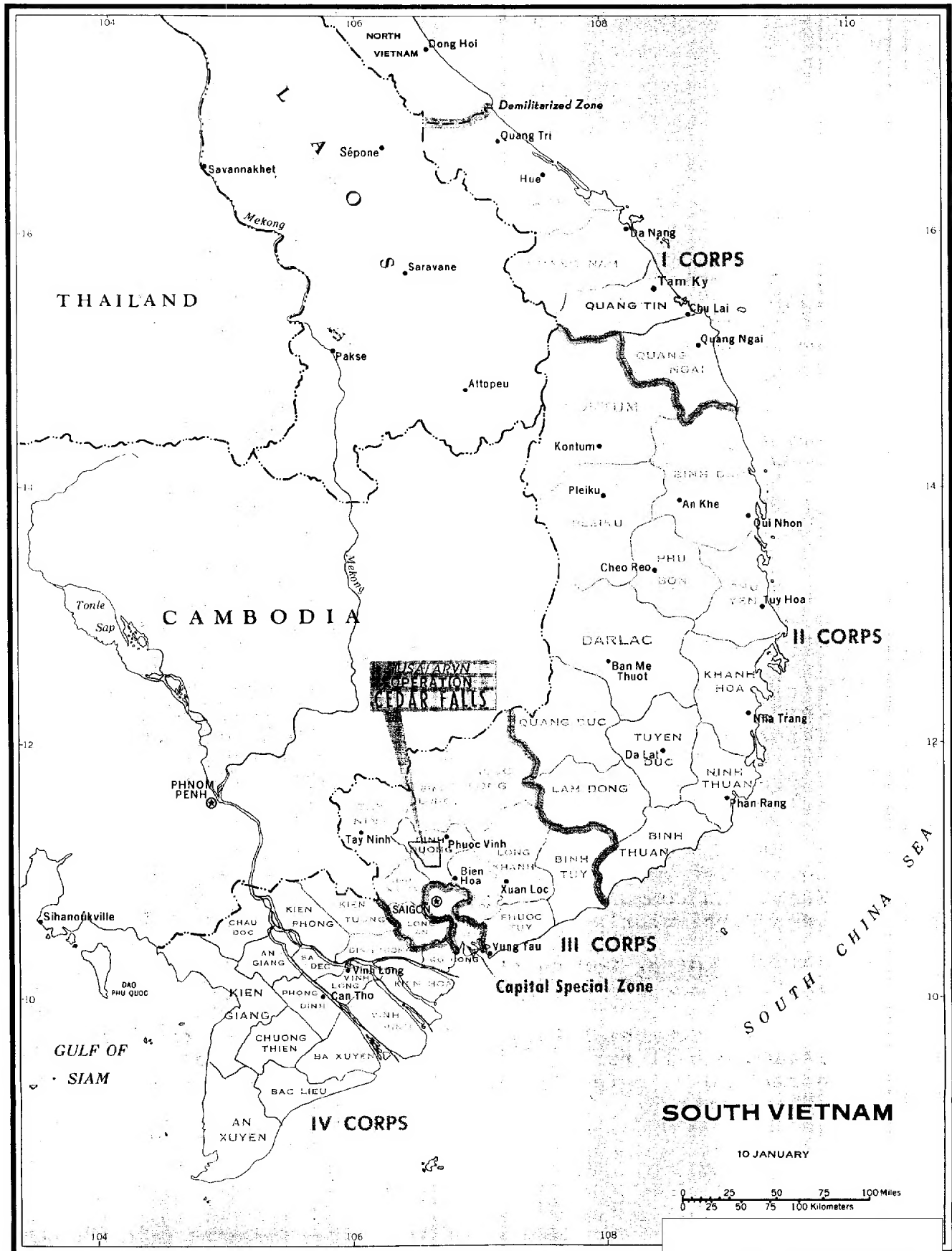
I. The Military Situation in South Vietnam:  
Large quantities of foodstuffs and munitions have been discovered by the multibattalion allied force sweeping Binh Duong Province (Paras. 1-3). Nine South Vietnamese soldiers were killed in two separate actions near Tam Ky in Quang Tin Province on 9 January (Paras. 4-5).

II. Political Developments in South Vietnam:  
Premier Ky on 9 January discussed with a US official the serious possibility of his becoming a presidential candidate, and, in the process, raised some potentially disruptive intramilitary issues, including the removal of Deputy Premier General Co (Paras. 1-4). Constituent Assembly officials in a press conference on 10 January conveyed the impression that no serious disagreement exists between the assembly and the ruling Directorate (Paras. 5-6).

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IV. Other Communist Military Developments:  
There is nothing of significance to report.

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Operation CEDAR FALLS, consisting of 23 US and South Vietnamese battalions, continues to sweep through the jungles and abandoned rubber plantations of Binh Duong Province north of Saigon. Thirty batteries of artillery, described as the largest number ever massed in Vietnam at one time, are supporting this operation, which is tasked with the neutralization of this key Communist base area.

2. Since this operation began on 7 January, several large enemy supply caches have been located. A weapons cache of 40,000 rounds of small-arms ammunition, 740 grenades, 80 mines, and over 30 machine guns has been discovered. More than 600 tons of rice and 3,000 pounds of peanuts have been seized. Forty-six sampans and nearly 7,000 uniforms have also been found.

3. Cumulative casualties for this massive ground sweep are 108 Viet Cong killed, 28 captured, and 218 Communist suspects detained. American losses are reported as 11 killed and 60 wounded.

4. A South Vietnamese Popular Force patrol operating north of Tam Ky in coastal Quang Tin Province was ambushed by an estimated company-size Communist force on 9 January. A reaction force of five platoons was committed and during a four and a half hour battle eight South Vietnamese were killed and 11 wounded. Enemy losses were not reported.

5. Several hours later, a nearby ARVN command post was attacked with small arms, automatic weapons, and mortars. Friendly casualties were reported as one killed and ten wounded. Communist losses are unknown.

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## II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Premier Ky on 9 January brought up with a US official the strong possibility of his becoming a presidential candidate, as well as some potentially disruptive intramilitary issues which would first have to be settled. Ky took the tack that circumstances in Vietnam dictated his becoming president, and that, although he was "reluctant," he would become a candidate if it best served the country's interests. He declared that, should he run, one difficult task would be that of informing Chief of State Thieu, who according to Ky, was maneuvering to keep his own candidacy alive.

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Although Ky told the US official that all corps and division commanders had urged him to be a candidate, it is probable that General Thieu retains a slight edge over Ky in terms of military support. Ky apparently hopes, however, that Thieu will be content to become head of the armed forces in the future government.

3. Related to Ky's presidential candidacy--and apparently a more immediate question--is the possible removal of Deputy Premier General Co, who has long been at odds with Ky over various issues.

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Ky's distaste for Co is increasing because of Ky's belief that Co is attempting to create friction among military leaders over the issue of a military candidate for president. Ky told the US official on 9 January that he would "try" Co "very soon," declaring that legal action was necessary because of the vast amount of money Co had amassed through corruption.

4. Co's capacity to resist moves by Ky to unseat him is not completely clear, but it could be

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considerable, especially if Chief of State Thieu were not to side firmly with Ky. It is somewhat doubtful that Thieu would consent to a public humiliation of Co through a trial or court-martial on charges of corruption. In November, the re-assignment of another powerful southerner, IV Corps commander Quang, was accomplished with a minimum of trouble, but that action involved a minimal loss of prestige for General Quang and was undertaken with the backing of General Thieu.

#### Constituent Assembly Press Conference

5. During a scheduled press conference on 10 January, Constituent Assembly officials went to great lengths to convey the impression that there is no serious controversy between the assembly and the ruling Directorate. Reporters were told that the assembly would continue its work whether or not the government's controversial veto power was amended, and that the assembly expects the government to suggest any amendments to the constitution during the drafting process. Assembly chairman Phan Khac Suu declared that the assembly would attempt to use legal means, i.e. muster the necessary two-thirds majority, to protect its version of the constitution should the government use its veto power. Initial Western press reports of the conference featured a remark by delegate Phan Quang Dan that a "tacit compromise" already exists between the assembly and the government regarding the veto power.

6. The press conference represents an effort by the assembly to make a public assertion of its moderate attitude regarding issues which have a direct bearing on its relations with the government. This move follows the government's recent refusal to agree to any of the changes proposed by the assembly in its founding law. Moreover, there have been numerous reports that assembly officials and government leaders are now exchanging views on various constitutional issues. Thus, it is possible that the government might not exercise its veto, although government leaders will undoubtedly do so if they feel it necessary in the final analysis. The assembly begins a plenary debate on 11 January on the initial detailed draft of the constitution recently completed by drafting subcommittees.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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